

CoverColorado Frequently Asked Questions

What is CoverColorado?

CoverColorado was established by the Colorado legislature in 1991 to help more Coloradans gain access to health care. It is a resource for eligible Colorado residents who do not have coverage through their employers and who cannot get individual coverage from health insurance companies due to a pre-existing medical condition.

CoverColorado is:

- A non-profit organization, whose mission is to provide a health insurance program that promotes access to health care for Coloradans whose health prohibits or substantially limits access to commercial health insurance.
- The state's high risk pool, providing insurance coverage to Individuals with a pre-existing condition. As a result, our rates are higher than commercial insurance carriers and may not be affordable for everyone.

CoverColorado also offers a Coordination of Benefits Plan (COB) to supplement Medicare to Coloradans under 65 who are currently enrolled in Medicare Parts A and B because of a disability, but who missed the enrollment period for a Medicare supplement.

Why are groups and individual subscribers being assessed?

CoverColorado participants pay premiums that may be higher than traditional commercial insurance premiums. However, even those premium levels are not enough to cover the cost of medical care for eligible Colorado residents and the program's related administrative expenses. Despite a subsidy of interest earnings from the Colorado unclaimed property fund, there is still a shortfall,

To recoup the shortfall, the law allows CoverColorado to assess certain insurance carriers, including all health insurance carriers, as needed, to fund up to 25% of its projected expenses, but no more than twice during any calendar year. Insurance carriers are permitted by law to recover the amount assessed from subscribers.

Is this the final assessment?

No. Our current expectation is that CoverColorado will be required to make subsequent assessments, perhaps as frequently as twice per calendar year, as provided by the law.

How much is the assessment?

For 2010, CoverColorado calculated that its operating expenses would require an annual assessment of \$29.69 for each eligible contract holder insured by a Colorado health insurance provider.

Are all Colorado insurance carriers being assessed the same amount?

Yes. Based on membership provided to the Colorado Division of Insurance during the assessment period, the amount per Colorado contract holder – \$29.69 – is the same for all Colorado insurance carriers being assessed by CoverColorado. However, insurance carriers may assess different amounts per contract holder to recover the assessment they owe.

My assessment is \$30.24 (\$2.52 x 12); why is this higher than \$29.69?

The amount Anthem bills to its subscribers for CoverColorado assessments is determined based on the assessments rendered by CoverColorado, amounts collected by Anthem in prior years and Anthem's projected membership. Anthem neither makes nor loses money in this role as collector of CoverColorado fees.

The amount billed by Anthem for 2010 exceeds the amount assessed by CoverColorado because shrinkage in the small group market in Colorado and changes in Anthem's mix of business have resulted in Anthem having fewer members in 2010 subject to assessment than it did when it had to report membership to CoverColorado to calculate the assessment back in January 2009.

Can the assessment be passed through to plan members through rating?

Yes, the assessment could be passed on through rates; however, that would increase the cost as the resulting income would be considered premium and would be subject to premium tax and commissions. By passing on the assessment as a charge other than premium, we avoid premium tax and commissions. Our contract language supports this approach.

When and how is the assessment charged to the group and individual subscribers?

In order to minimize the impact to the group's and individual subscriber's cash flow, we plan to pass a pro-rated portion of the charge to groups and individual members monthly. We intend to bill the assessment monthly through a separate line item on the bill.

Are all Colorado insurance carriers recovering the assessment in the same way?

While the law allows certain insurance carriers, including all health insurance carriers, to recover the assessment from subscribers, other carriers are not obligated to recover by the same method that Anthem Blue Cross and Blue Shield is using. Other carriers may be recovering the assessment by other means.

Is the assessment collected by Anthem and then passed onto the state?

Anthem will collect the money each month and is required to remit the funds to CoverColorado four times per year, at the end of each calendar quarter. To the extent we collect more money than we need to fund the assessment in the current year, we will decrease the amount passed to subscribers to fund future assessments. To the extent we fail to collect enough, we will increase the amount we pass to subscribers to fund future assessments.

Are Self funded plans exempt?

Self funded plans are exempt unless they purchase stop-loss insurance. The assessment rate for plans with stop loss coverage is the same as that for fully insured (\$2.52 per contract per month for 2010).

Are any other groups or entities exempt?

- Non-Colorado residents
- Medicare business, including our Medicare Supplement business
- Medicaid business
- Children's Health Plan
- Federal Employee Health Benefits Program (FEHBP)
- ERG (Medicare replacement product)

Are group members that reside out of state assessed?

Only Colorado residents are assessed.

Where can I find more information about the CoverColorado assessment?

To view specific information about the CoverColorado assessment, please visit

<https://www.covercolorado.org/pages/Assessment.aspx>

Anthem Blue Cross and Blue Shield

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